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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/722,018

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Masanobu Nishimaki

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EXAMINER

TROTTER, SCOTT S

ART UNIT

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3694

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/722,018	Applicant(s) NISHIMAKI, MASANOBU	
	Examiner SCOTT S. TROTTER	Art Unit 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 02 September 2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-8, 10-18 and 23-36 is/are pending in the application.
- 4a) Of the above claim(s) 1-7, 16, 17 and 23-35 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 8, 10-15, 18 and 36 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Status of the Claims

1. This action is in response to the request for continued examination filed on September 2, 2010. Claims 8, 10-15, 18, 19, and 36 are pending and examined. Claims 9, 19-22 are canceled. Claims 1-7, 16, 17, and 23-35 are withdrawn.

Continued Examination Under 37 CFR 1.114

2. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17 (e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission has been entered.

Response to Arguments

3. Applicant's arguments filed September 2, 2010 have been fully considered but they were not persuasive.

4. What seemed key in the arguments was the interpretation of "financial instrument". I have been interpreting an order/bundle from Stallaert as a "financial instrument" it is some form of a written promise to convey property for other property. Therefore when bundles are recombined in Stallaert in the previously cited column 2 lines 47-54. It is cutting to the heart of the invention of unbundling a financial instrument. The closest a search of the specification for a definition of "financial instrument" was the explanation of what the instruments described in figure 7 (starting

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around paragraph 291) were being interpreted as but they seem more like examples of financial instruments than some kind of limiting definition of a “financial instrument”.

5. Regarding using rate and price rather than “numerical value” the changing price to a rate one of my old college finance textbooks from the mid-nineties shows that for interest bearing assets changing between price and the interest rate is simply a question of which one (rate or price) will be constant and which one will vary. Either can be calculated from the other. Therefore they can be used interchangeably.

6. Examiner’s note: since we seem to keep being surprised by each others interpretations it might be helpful to have a phone interview regarding what the invention does and how it distinguishes from the prior art.

Claim Interpretation

7. A capital raiser is someone who is selling something which can include an obligation to pay money back in the future (a debt). A capital management order is an order to buy something which can include debt. Here is the examiner’s interpretation of what each point in claim 8 means.

I. There is some kind of electronic exchange for orders involving financial instrument A.

II. Client terminals U, V, W, X, Y, and Z.

III. Financial instrument A is composed of $B + C$.

IV. i. U wants to sell A, has a desired volume of $B = u_b$ and a desired price range of $B = U_B$; has a desired volume of $C = u_c$ and a desired price range of $C = U_C$.

ii. V wants to buy B, has a desired volume of $B = v_b$ and a desired price of $B = V_B$.

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iii. W wants to buy B, has a desired volume of $B = w_b$ and a desired price of $B = WB$.

iv. X wants to buy B, has a desired volume of $B = x_b$ and a desired price of $B = XB$.

v. Y wants to buy C, has a desired volume of $C = y_b$ and a desired price of $C = YC$.

vi. Z wants to buy C, has a desired volume of $C = z_c$ and a desired price of $c = ZC$.

- a. Compare the orders and pick the most advantageous valid order for B.
- b. Complete the transaction to trade B.
- c. Compare the orders and pick the most advantageous valid order for C.
- d. Complete the transaction to trade C.

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 8, 18, and 36 are rejected under 35 U.S.C. 103(a) as being unpatentable over Stallaert et al (U.S. Patent 7,124,106 B1 hereafter Stallaert) in view of "Order driven trade in London" (by Chris Bates in Financial Regulation Report; January 1998,

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pages 11 [2 pages], hereafter Bates) and Bodie (Investments 3rd edition by Bodie et al. Copyright 1989, 1993, 1996; hereafter Bodie).

As per claim 8 Stallaert teaches:

A financial transaction server for supporting financial transactions executed by a plurality of client terminals of a plurality of users, wherein:

(I) the financial transaction server is connected to a database storing data regarding capital raising and capital management by means of a financial instrument A, and to the client terminals; (*see at least Figure 7*. The bundle trading processor is the server, the limit order table is the database, the web client represents the client terminals.)

(II) the client terminals include a client terminal of a user U, a client terminal of a user V, a client terminal of a user W, a client terminal of a user X, a client terminal of a user Y, and a client terminal of a user Z; (*see at least Figure 7*. The bundle trading processor is the server, the limit order table is the database, the web client represents the client terminals.)

(III) the financial instrument A can be unbundled into a constituent B and a constituent C; (*see at least column 2 lines 47-54*. Recombining assets inherently includes unbundling them from their original bundles so they can be recombined. The bundles are considered financial instruments.) and

(IV)

(i) a capital raising order u is stored in the database, the capital raising order u being sent from the client terminal of the user U that desires to execute capital raising

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by means of the financial instrument A, the capital raising order u having order information specified by the client terminal that includes a desired capital raising volume u_b and a desired capital raising rate range U_B on the constituent B, as well as a desired capital raising volume u_c and a desired capital raising price range U_C on the constituent C,

(ii) a capital management order v is stored in the database, the capital management order v being sent from the client terminal of the user V that desires to execute capital management by means of the constituent B, the capital management order v having order information specified by the client terminal that includes a desired capital management volume v_b and a desired capital management rate V_B on the constituent B,

(iii) a capital management order w is stored in the database, the capital management order w being sent from the client terminal of the user W that desires to execute capital management by means of the constituent B, the capital management order w having order information specified by the client terminal that includes a desired capital management volume w_b and a desired capital management rate W_B on the constituent B,

[iv) a capital management order x is stored in the database, the capital management order x being sent from the client terminal of the user X that desires to execute capital management by means of the constituent B, the capital management order x having order information specified by the client terminal that includes a desired

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capital management volume xb and a desired capital management rate XB on the constituent B,

(v) a capital management order y is stored in the database, the capital management order y being sent from the client terminal of the user Y that desires to execute capital management by means of the constituent C, the capital management order y having order information specified by the client terminal that includes a desired capital management volume yc and a desired capital management price YC on the constituent C, and

(vi) a capital management order z is stored in the database, the capital management order z being sent from the client terminal of the user Z that desires to execute capital management by means of the constituent C, the capital management order z having order information specified by the client terminal that includes a desired capital management volume zc and a desired capital management price ZC on the constituent C, (*see at least column 2 lines 65-column 3 line 1*. The bundle to be acquired is the price of the bundle being sought to be disposed of. *See column 1 lines 56-59*. Assets to be traded include money) and wherein said financial transaction server:

[a) compares the capital raising order u, the capital management order v, the capital management order w, and the capital management order x as objects of matching in the database, and determines, in a case where each of the desired capital management rate VB, the desired capital management rate WB, and the desired capital management rate XB falls within the desired capital

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raising rate range UB, which is most advantageous to the side that desires to execute capital management, i.e., which is the most favorable, to a prospective capital manager, of the desired capital management rate VB, the desired capital management rate WB, and the desired capital management rate XB;

(b) sets the desired capital management rate XB as the sole fixed capital raising numerical value XB for the constituent B in a case where it is determined that the desired capital management rate XB is the most favorable to a prospective capital manager, executes the capital raising and capital management between the capital raising order u, the capital management order v, the capital management order w, and the capital management order x, and updates each of the desired capital raising volume ub, the desired capital management volume vb, the desired capital management volume wb, and the desired capital management volume xb in the database based upon the contents of the executed capital raising and capital management;

(c) compares the capital raising order u, the capital management order Y, and the capital management order z as objects of matching in the database, and determines, in a case where each of the desired capital management rate YC and the desired capital management price ZC falls within the desired capital raising price range UC, which is more favorable, to the user U, of the desired capital management price YC and the desired capital management price ZC; and

(d) sets the desired capital management price YC as a fixed capital raising price YC for the constituent C in a case where it is determined that the desired

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capital management price YC is more favorable to the user U than is the desired capital management price ZC, executes the capital raising and capital management between the capital raising order u and the capital management order y, and updates each of the desired capital raising volume uc and the desired capital management volume yc in the database based upon the contents of the executed capital raising and capital management. (*see at least column 2 lines 65-column 3 line 1*. The bundle to be acquired is the price of the bundle being sought to be disposed of. *See at least column 1 lines 56-59*. Assets to be traded include money)

While Stallaert teaches matching and trading of assets including unbundling it does not explicitly teach having ranges to match but Bates teaches an exchange that includes limit orders such as fill or kill with price limits that must be filled immediately in full or they are not executed at all which is setting a range for both price and volume. Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to include such features with an expectation of success. While Stallaert teaches matching orders and trading assets it does not explicitly teach making the matching based on rates of return but Bodie (*see at least Bodie pages 39-42 which includes formulas relating price, interest rate, and time*.) teaches converting between rates of return and price and or vice versus therefore it would have been obvious to a user of ordinary skill in the art to use such terms interchangeably as long as it was clear which was being used and simply convert from one to the other as needed.

As per claim 18 Stallaert teaches the trading of equities and other assets. (see *at least column 1 lines 55-59 and column 2 lines 30-35*)

As per claim 36 Stallaert teaches the trading being done by computers. (see *at least column 18 lines 16-22*)

10. Claims 10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Stallaert in view of Bates, Silverman et al. (U.S. Patent 5,924,082 hereafter Silverman) and Bodie.

As per claim 10 while Stallaert does not specifically address negotiated transactions establishing contact between the two parties to the transaction for negotiating the orders Silverman taught negotiating the orders to other terminals to give them the chance to negotiate over the proffered terms making a trade. (see *at least Silverman abstract*) Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to disclose the bids to other terminals to encourage trading.

11. Claims 15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Stallaert in view of Bates and Shkedy (U.S. Patent 6,236,972 B1) and Official Notice.

While Stallaert does not explicitly address providing self introduction materials or proposal information the information on the bundles available would qualify as capital management reference data. Shkedy teaches storing the prospectuses (see *at least Shkedy column 10 lines 1-2*) which would qualify as the capital raiser introduction and the proposal. Official Notice is taken that it is old and well known in the art of finance for

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investors to have introducing materials historically a letter of introduction from a rich noble evolved into a letter of credit from a bank to signify that an individual had the capital to complete a bigger deal than their cash on hand would indicate. Therefore it would have been obvious to a person of ordinary skill in the art of raising capital to have references describing the assets and liabilities being traded and those doing the trading to make sure that they can meet the obligations they are creating.

12. Claims 11-14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Stallaert in view of Bates, Official Notice and Bodie.

As per claims 11-14 while Stallaert does not specifically address settlement it is old and well known in the art of electronic trading to store settlement information in a database that includes funds account numbers, fund account balances, and margin requirements. An obvious examples are E*trade and Instinet (*see at least column 1 lines 18-30*) but any electronic brokerage would require such a settlement system to complete trades (a cited example is Shkedy column 10 which may be evidentiary support for settlement). Stallaert does include database tracking each bundle and does notify each bidder when their bundle is traded. Stallaert does also include currency as one of the things that can be part of a bundle of assets to be traded. (*see at least column 5 lines 14-54*. Therefore completing the trade of a bundle is settling a transaction.) Therefore it would have been obvious to a user of ordinary skill in the art at the time the invention was made to include a settlement system to finalize trades made on the system.

Conclusion

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13. The prior art made of record and not relied upon is considered pertinent to

Applicant's disclosure:

- Dictionary of Business Terms 3rd Edition, by Jack P. Friedman Copyright 2000.

Instrument – legal document that records an act or agreement and provides the evidence of that act or agreement. Instruments include contracts, notes, and leases.

14. Any inquiry concerning this communication from the examiner should be directed to Scott S. Trotter, whose telephone number is 571-272-7366. The examiner can normally be reached on 8:30 AM – 5:00 PM, M-F.

15. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell, can be reached on 571-272-6712.

16. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

17. The fax phone number for the organization where this application or proceeding is assigned are as follows:

(571) 273-8300	(Official Communications; including After Final Communications labeled "BOX AF")
(571) 273-6705	(Draft Communications)

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/KIRSTEN S APPLE/

Primary Examiner, Art Unit 3694